

Marco Polo Marine (MPM SP)

1HFY26: Shipyard Inflects; RTO Unlocks Value

Highlights

- 1HFY26 revenue of S\$74m (+40% yoy) and adjusted net profit of S\$13.8m (+44% yoy) formed 45%/40% of our full-year estimates respectively, in line with expectations.
- Shipyard revenue more than doubled qoq to S\$20m (+95% yoy) in 2QFY26, driven by MPM's Dry Dock 4 that increased ship repair capacity by 25%.
- Maintain BUY with a 21% higher target price of S\$0.230. The proposed RTO of FOP at up to S\$139m may be a transformational value-unlock for the shipyard.

2QFY26/1HFY26 Results

Year to 30 Sep (S\$m)	2QFY26	yoy % chg	qoq % chg	1HFY26	yoy % chg
Revenue	41.2	+51.5	+25.6	74.0	+39.9
Ship chartering	21.1	+24.9	(9.1)	44.3	+38.0
Shipyard	20.1	+95.1	+109.4	29.7	+42.8
Gross profit	17.4	+59.6	+24.3	31.4	+46.0
Gross margin (%)	42.2	+2.1ppt	(0.5ppt)	42.0	+1.4ppt
Adj. net profit*	n.d.	-	-	13.8	+43.8
Fleet utilisation (%)	65	flat	(11ppt)	71	+3ppt

*excludes forex losses and one-off items from disposal gains

Source: MPM

Analysis

- 1HFY26 results in line.** Marco Polo Marine (MPM) delivered 1HFY26 revenue of S\$74m (+40% yoy) and adjusted net profit of S\$13.8m (+44% yoy), forming 45%/40% of our full-year estimates respectively. This is consistent with MPM's typical monsoon seasonality. Gross margin held firm at 42%.
- Ship chartering: Improved utilisation.** Chartering revenue for 1HFY26 rose to S\$44.3m (+38% yoy), underpinned by the CSOV MP Wind Archer and the three crew transfer vessels added in 2HFY25. Fleet utilisation jumped from 68% in 1HFY25 to 71% in 1HFY26. The segment continues to be the primary earnings driver with a higher EBIT of S\$13.7m (+46% yoy; 72% of total EBIT).
- Shipyard: Inflection from expanded capacity.** The shipyard recorded S\$29.7m in revenue (+43% yoy), with 2QFY26 revenue doubling qoq and proving that Dry Dock 4 (commissioned in Aug 25) is operating at scale. Segmental EBIT margin recovered to 18.2% (S\$5.4m) from the depressed FY25 level of 10.8%, returning to the 17-19% range MPM historically achieves at higher throughput. With the S\$198m oceanographic research vessel (ORV) for Taiwan's National Academy of Marine Research expected to contribute more meaningfully from FY27 onwards, the shipyard earnings trajectory is now well-established.

Key Financials

Year to 30 Sep (S\$m)	2024	2025	2026F	2027F	2028F
Net turnover	124	123	166	177	188
EBITDA	34	56	55	58	62
Operating profit	21	41	38	41	44
Net profit (rep./act.)	22	59	35	40	45
Net profit (adj.)	26	25	35	40	45
EPS (S\$ cent)	0.7	0.7	0.9	1.1	1.2
PE (x)	26.8	27.9	20.2	17.7	15.8
P/B (x)	3.8	2.9	2.6	2.3	2.1
EV/EBITDA (x)	18.7	11.2	11.5	10.8	10.1
Dividend yield (%)	0.5	0.8	1.1	1.1	1.1
Net margin (%)	17.6	47.6	21.0	22.4	23.7
Net debt/(cash) to equity (%)	(18.5)	(1.8)	(30.4)	(41.2)	(37.0)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	12.3	27.7	13.7	14.0	14.0
Consensus net profit (S\$m)	-	-	35	40	45
UOBKH/Consensus (x)	-	-	1.00	1.00	1.00

Source: MPM, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	S\$0.187
Target Price	S\$0.230
Upside	+23.0%
Previous TP	S\$0.190

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Stock Data

GICS Sector	Industrials
Bloomberg ticker	MPM SP
Shares issued (m)	3907.0
Market cap (S\$m)	688.8
Market cap (US\$m)	537.8
3-mth avg daily t'over (US\$m)	4.7

Price Performance (%)

52-week high/low S\$0.19/S\$0.04

1mth	3mth	6mth	1yr	YTD
14.7	23.8	74.8	334.9	11.3

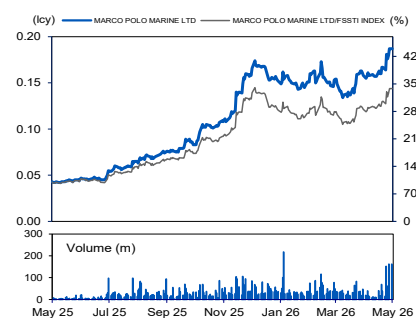
Major Shareholders

Major Shareholders	%
Lee Family	21.8
Apricot Capital	12.1
Halom Investments	5.8

Balance Sheet Metrics

FY26 NAV/Share (S\$)	0.07
FY26 Net Cash/ Share (S\$)	0.01

Price Chart



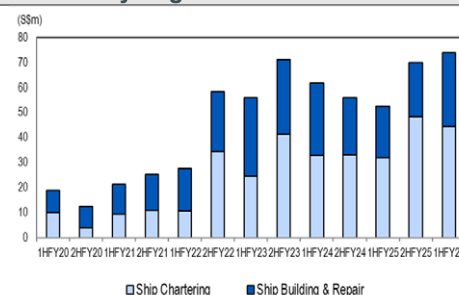
Source: Bloomberg

Company Description

Marco Polo Marine is an integrated shipping company. The company provides services that include ship chartering, ship building and repair, and brokering services.

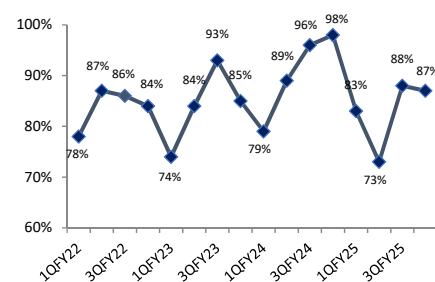
- About the RTO of FOP.** Announced alongside the 1HFY26 results, MPM proposed a reverse takeover (RTO) of SGX Catalyst-listed Fuji Offset Plates Manufacturing (FOP, to be renamed MPSE). FOP will acquire MPM's shipyard entities (Marco Polo Shipyard and MP Marine) for up to S\$139m, comprising a S\$120m base consideration (new FOP shares at S\$0.701 each), up to S\$19m in performance-linked earn-out shares tied to adjusted 24M NPAT target of S\$27m for FY26 and FY27, and a pre-completion cash dividend of up to S\$10m payable to MPM. After the completion, MPM will hold 74.1% of MPSE (up to 76.8% with full earn-out), consolidating it as a subsidiary while MPSE trades on Catalyst.
- Our view on the RTO: Transformational value-unlock.** Carving out the shipyard eliminates intra-group revenue eliminations, allowing the market to separately price the shipyard on its standalone third-party earnings power. The shipyard currently generates EBIT margins of around 18% with a multi-year ORV anchor. This also unlocks value that has been obscured within MPM's conglomerate structure.
- PKRO listing: Catalyst intact.** PKR Offshore (PKRO), MPM's 49%-owned subsidiary supporting offshore wind in Taiwan, Japan, and Korea, remains on track to submit its Taiwan listing application by 3Q26. As noted in our 1QFY26 note, Taiwan-listed marine peers trade at approximately 22x 2026F PE, and the PKRO listing represents a distinct re-rating event upon crystallisation.
- Balance sheet strengthened.** Net cash quintupled to S\$46.9m as at 31 Mar 26, up from S\$9.3m at end-Sep 25. NAV per share rose to 7.5 S cents. The stronger balance sheet positions MPM to commence CSOV+ construction in 2QFY26 (delivery targeted 2QFY28) and acquire the two DP2-class anchor handling tug supply vessels (totalling US\$34m) in 2026.

Revenue By Segment



Source: MPM, UOB Kay Hian

Shipyard Utilisation Rate



Source: MPM, UOB Kay Hian

Valuation/Recommendation

- Maintain BUY with a 21% higher target price of S\$0.23 (from S\$0.19 previously),** pegged to 25x FY26F PE (+1SD above mean), raised from 20.5x (+0.5SD) previously. The multiple re-rating reflects MPM's deepening offshore wind franchise and the increasing proportion of high-visibility contract revenue, with the S\$198m ORV anchoring the shipyard's FY27 earnings profile.
- With 1HFY26 results in line with our estimates and a strengthened net cash position of S\$46.9m, we retain conviction in the full-year delivery. The key upside not yet in our numbers are the MPSE RTO and PKRO listing on the horizon, which may bring about meaningfully higher intrinsic value.

Earnings Revision/Risk

- We make no changes to our earnings forecasts.

Share Price Catalyst

- Higher-than-expected ship charter rates and vessel utilisation.
- Award of new ship chartering contracts.
- Higher value of repair projects during the year.

Profit & Loss

Year to 30 Sep (S\$m)	2025	2026F	2027F	2028F
Net turnover	122.8	165.6	176.9	187.9
EBITDA	56.2	54.7	58.2	62.1
Deprec. & amort.	15.4	16.6	17.2	17.9
EBIT	40.8	38.1	41.0	44.2
Total other non-operating income	29.4	0.0	0.0	0.0
Associate contributions	0.7	1.0	1.0	1.0
Net interest income/(expense)	0.5	1.1	3.8	4.8
Pre-tax profit	71.4	40.2	45.7	50.0
Tax	(3.9)	(2.8)	(3.2)	(3.5)
Minorities	(9.0)	(2.6)	(2.9)	(1.9)
Net profit	58.5	34.8	39.6	44.6
Net profit (adj.)	25.2	34.8	39.6	44.6

Balance Sheet

Year to 30 Sep (S\$m)	2025	2026F	2027F	2028F
Fixed assets	226.6	226.5	225.8	225.4
Other LT assets	13.0	13.0	13.0	13.0
Cash/ST investment	52.2	129.5	171.8	172.8
Other current assets	57.4	65.0	66.7	79.6
Total assets	349.3	434.1	477.3	490.8
ST debt	10.2	10.2	10.2	10.2
Other current liabilities	34.2	33.5	41.1	41.0
LT debt	37.8	37.8	37.8	37.8
Other LT liabilities	2.7	61.6	63.5	38.4
Shareholders' equity	238.9	268.0	300.1	337.2
Minority interest	25.4	23.0	24.5	26.0
Total liabilities & equity	349.3	434.1	477.3	490.8

Cash Flow

Year to 30 Sep (S\$m)	2025	2026F	2027F	2028F
Operating	40.8	52.8	66.4	52.2
Pre-tax profit	71.4	40.2	45.7	50.0
Tax	(4.7)	(4.4)	(2.7)	(3.1)
Deprec. & amort.	15.4	16.6	17.2	17.9
Associates	0.0	0.0	0.0	0.0
Working capital changes	(15.7)	0.4	6.1	(12.6)
Non-cash items	(25.6)	0.0	0.0	0.0
Other operating cashflows	0.0	0.0	0.0	0.0
Investing	(56.5)	(14.2)	(12.7)	(13.2)
Capex (growth)	(69.0)	(16.5)	(16.5)	(17.5)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	12.5	2.3	3.8	4.3
Financing	(0.9)	(6.8)	(7.5)	(7.0)
Dividend payments	(3.8)	(5.6)	(7.5)	(7.5)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	13.3	0.0	0.0	0.0
Others/interest paid	(10.5)	(1.2)	0.0	0.5
Net cash inflow (outflow)	(16.7)	31.7	46.1	32.0
Beginning cash & cash equivalent	65.9	49.2	80.9	127.1
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	49.2	80.9	127.1	159.0

Key Metrics

Year to 30 Sep (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	45.8	33.0	32.9	33.1
Pre-tax margin	58.2	24.3	25.9	26.6
Net margin	47.6	21.0	22.4	23.7
ROA	18.7	8.9	8.7	9.2
ROE	27.7	13.7	14.0	14.0
Growth				
Turnover	(0.6)	34.8	6.9	6.2
EBITDA	66.5	(2.7)	6.4	6.7
Pre-tax profit	177.9	(43.7)	13.8	9.3
Net profit	169.7	(40.6)	14.0	12.5
Net profit (adj.)	(4.0)	38.0	14.0	12.5
EPS	(4.0)	38.0	14.0	12.5
Leverage				
Debt to total capital	15.4	14.2	12.9	11.7
Debt to equity	20.1	17.9	16.0	14.3
Net debt/(cash) to equity	(1.8)	(30.4)	(41.2)	(37.0)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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